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5 Attorneys for Jinnie Jinhuei Chang Chao

6 UNITED STATES BANKRUPTCY COURT  
7 NORTHERN DISTRICT OF CALIFORNIA  
8 SAN FRANCISCO DIVISION

9 In re

Case No. 15-31519

10 JINNIE JINHUEI CHANG CHAO,

Chapter 11

11 Debtor.

**APPLICATION OF PRACTUS LLP FOR  
COMPENSATION AND  
REIMBURSEMENT OF EXPENSES AS  
SPECIAL COUNSEL FOR DEBTOR IN  
POSSESSION**

14 Date: June 14, 2024

15 Time: 10:00 a.m.

16 Location: Via Tele/Videoconference  
[www.canb.uscourts.gov/calendars](http://www.canb.uscourts.gov/calendars)

17 The Hon. Dennis Montali

18  
19 **I. EMPLOYMENT AND PRIOR COMPENSATION**

20 On August 18, 2023, this Court entered an order approving Bernard J. Kornberg of  
21 Practus, LLP (the “Firm”) to act as special counsel for debtor Jinnie Jinhuei Chang Chao  
22 (“Debtor”) regarding to the defense and prosecution of the various litigated matters between  
23 Debtor and Ardeshir Salem and A. Salem D.D.S. Inc. (the “Salem Parties”). Order Approving  
24 Employment [Dkt. #373].

25 Pursuant to 11 U.S.C. § 330, the Firm seeks compensation for attorney’s fees in the  
26 amount of \$20,240.00 and costs in the amount of \$2,535.98 for its services to the estate (the  
27 “Application”). As set below, these services were incurred in representing Debtor as to the  
28 various disputes between her and the Salem Parties. This is the first and final fee application of

1 the Firm.

2 No further fee applications are required. On April 25, 2024, the Court confirmed Debtor's  
3 Chapter 11 plan. Confirmation Order [Dkt. #408]. Pursuant to Debtor's plan, the assets of the  
4 estate vested in Debtor on May 10, 2024. Amended Chapter 11 Plan, §§ 5(b), 7(a) [Dkt. #407].  
5 Accordingly, the Application seeks fees and costs for services performed by the Firm up to May  
6 10, 2024.

7 The Firm is holding a retainer of \$25,000. Accordingly, approved fees and costs will be  
8 taken out of the retainer, and no further claim by the Firm will be sought as to the estate.

## 9 II. CASE STATUS

10 On December 14, 2015, Debtor filed for Chapter 11 bankruptcy in this Court. Voluntary  
11 Petition, Dkt. #1. At the time of the bankruptcy filing, Debtor was engaged in litigation with the  
12 Salem Parties in Santa Clara Superior Court.

13 On March 10, 2016, the Salem Claimants filed an adversary proceeding as to Debtor  
14 asserting that claims of embezzlement and conversion should be deemed nondischargeable under  
15 sections 523(a)(2)(A) and 523(a)(4) (the "Adversary Proceeding"). Adversary Complaint, Adv  
16 Dkt. #1. On April 25, 2016, Debtor answered and brought counterclaims against the Salem  
17 Claimants. Answer and Counter-Claims, Adv. Dkt. #7.

18 In 2016, Debtor was charged in the criminal case of *United States v. Jinnie Chao*, Case No.  
19 16-00435 (N.D. Cal 2016) (the "Criminal Case"). See Indictment, Dkt. # 1, Case No. 16-00435  
20 (N.D. Cal 2016). The criminal case arose out of the allegations made in the Adversary  
21 Proceeding. Both the bankruptcy case and Adversary Proceeding were effectively put on hold  
22 pending resolution of the criminal action. See Status Conference Statement, Dkt. #233.

23 On March 3, 2018, the Salem Claimants filed Claim #9-1. Claimants eventually amended  
24 Claim 9 three times, and the operative claim is Claim 9-4, attached as Exhibit B to this objection.  
25 Claim #9-4 lists both Salem Claimants as creditors and asserts a claim amount of \$1,156,805.38.

26 On August 29, 2022, the criminal case was dismissed after a stipulated order for diversion  
27 and restitution was completed. See Notice of Dismissal, Dkt. # 200, Case No. 16-00435 (N.D.  
28 Cal 2016). Prosecution of both the bankruptcy case and adversary proceeding has now resumed.

On July 21, 2023, Debtor filed an application to employ Bernard J. Kornberg and the Firm to represent her in her litigation with the Salem Parties. Application [Dkt. #354]. An order approving the employment application was granted on Order Approving Employment [Dkt. #373]. On August 18, 2023, the Court approved employment of the Firm. Order Approving Employment [Dkt. #373].

On September 28, 2023, Debtor objected to Claim 9-4. Claim Objection [Dkt. #380]. On November 8, 2023, the Court consolidated the claim objection with the Adversary Proceeding. [Dkt. #389].

On April 25, 2024, the Court confirmed Debtor's Chapter 11 plan. Confirmation Order [Dkt. #408].

### III. PROJECT BILLING

For this matter, the Firm has provided services in four project categories as follows, for a total of \$20,240.00. The Firm will note that there is some overlap between these categories, as all arise solely out of the litigation between Debtor and the Salem Parties.

CATEGORY	FEES
The Adversary Proceeding	\$12,600.00
The Claim Objection	\$1,950.00
Main Case Work	\$3,140.00
State Court Litigation	\$2,550.00

#### A. The Adversary Proceeding

The majority of the work incurred in the case was in the Adversary Proceeding. There, significant time was spent on getting up to speed with the history of the litigation, including the voluminous discovery obtained in the Criminal Case. Numerous conferences were held with Ethan A. Balogh, Debtor's counsel in the criminal case, given his knowledge of the history of the disputes, and with Debtor herself. Written discovery in the form of document production requests and interrogatories were served on the Salem Parties and the responses reviewed. Numerous status conference statements were prepared, and hearings attended. Finally, Darrow Chu, the

1 Salem's former investment advisor, a key witness in the case, was located and a deposition  
2 subpoena served on him (after significant efforts).

3 **B. The Claim Objection**

4 For the claim objection, the Firm review Claim #9-4, performed researched on whether it  
5 was timely filed as an informal proof of claim, drafted the objection to claim, and drafted the order  
6 consolidating it with the Adversary Proceeding.

7 **C. Main Case Work**

8 For the main case, the Firm worked with Debtor's main case counsel to be employed in the  
9 case, it worked with Debtor's main case counsel to draft language in the Chapter 11 plan regarding  
10 the treatment of the State Court Litigation and Claim #9-4, it worked with Debtor's main case  
11 counsel regarding responding to the objection to Confirmation of the plan by the Salem Parties,  
12 and finally it attended hearings relevant to those issues.

13 **D. State Court Litigation**

14 Debtor's state court litigation between her and the Salem Parties, despite being filed in  
15 2012, remains ongoing due to the bankruptcy stay. Two tasks were performed by the firm as to  
16 the State Court Litigation. First, the Firm reviewed the State Court Litigation to determine its  
17 effect on the Adversary Proceeding. Second, the Firm filed an application to renew the judgment  
18 by Debtor against the Salem Parties in the State Court Litigation, as it would have otherwise  
19 expired in May of this year.

20 **IV. BILLING SUMMARY**

21 All billing by the Firm was performed by Bernard J. Kornberg at the hourly rate of \$500 an  
22 hour, as set forth in the Firm's Employment Agreement. A detailed breakdown of the fees  
23 incurred by the estate, separated by project billing category, are attached to this Application as  
24 Exhibit A.

25 No fees for the use of paraprofessionals are sought by the Firm.

26 As the preparation of the Application occurred post-vesting, no fees are sought by the Firm  
27 in this Application. For the purposes of disclose, counsel has spent 3.0 hours on the preparation  
28 of the Application.

## V. EXPENSES

The firm seeks reimbursement of the following expenses that were advanced by the Firm. These expenses were of the kind, and at the least expensive rate, the applicant customarily charges nonbankruptcy/insolvency clients. No handling or administrative charges are included. Documentation of each expense can be provided upon request.

Date	Cost Narrative	Total Cost
08/03/2023	First Legal Expense - Pull State Court Case Documents	\$990.85
09/28/2023	USPS Expense	\$9.65
03/01/2024	First Legal Network - Service of Subpoena and Letter on Darrow Chu	\$1,027.05
04/02/2024	Tracers Asset Search	\$30.00
04/10/2024	First Legal Network - Application for Renewal of Judgment, Notice of Renewal of Judgment, Subpoena and Letter	\$222.29
04/17/2024	First Legal Network - Service of Subpoena and Letter on Darrow Chu	\$256.14
	<b>TOTAL</b>	<b>\$2,535.98</b>

## VI. CLIENT REVIEW OF BILLING STATEMENT

Starting in February of this year, monthly invoices were sent to Debtor to review. Previously, invoices were not sent due to an issue with the Firm's accounting system not being set up for bankruptcy matters.

On May 23, 2024, a copy off this Application was sent to Debtor with a cover letter containing the statement required by paragraph 7 of the Northern District of California's Guidelines.

## VII. CONCLUSION

The Firm requests that the Court grant final approval of attorney's fees in the amount of \$20,240.00 and costs in the amount of \$2,535.98, and approve that the Firm apply those fees against the retainer of \$25,000 currently held by the Firm.

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DATED: May 23, 2024

PRACTUS, LLP

By:           /s/ Bernard J. Kornberg            
          BERNARD J. KORNBERG

Attorneys for Jinnie Jinhuei Chang Chao

1 **CERTIFICATION OF BERNARD J. KORNBERG**

2 I, Bernard Kornberg, state and declare as follows:

3 1. I am a partner at Practus, LLP (the “Firm”) and the counsel for debtor Jinnie  
4 Jinhuei Chang Chao (“Debtor”). I make this declaration based on my own personal and first-hand  
5 knowledge.

6 2. I make this declaration in support of the Application of Practus LLP For  
7 Compensation And Reimbursement Of Expenses As Special Counsel For Debtor In Possession  
8 (the “Application”).

9 3. This declaration also constitutes a certification under Paragraph 8 of the Guidelines  
10 for Compensation and Expense Reimbursement of Professional and Trustees of the United States  
11 Bankruptcy Court for the Northern District of California.

12 4. I am the professional that drafted the Application. The facts set forth in the  
13 Application are based on my personal knowledge and, to the best of my knowledge, true and  
14 correct.

15 5. A detailed itemization of the fees requested in the Application are attached as  
16 Exhibit A to the Application. The fees requested in the Application are true, correct and accurate  
17 for professional services rendered by the Firm as counsel for Debtor.

18 6. To the best of my belief, formed after reasonable inquiry, the compensation and  
19 expense reimbursement sought is in conformity with these guidelines, except as specifically noted  
20 in the certification application,

21 7. The compensation and expense reimbursement requested are billed at rates, in  
22 accordance with practices, no less favorable than those customarily employed by the applicant and  
23 generally accepted by the applicant’s clients.

24 8. No payments have been previously made or promised to the Firm for services  
25 rendered or to be rendered in any capacity whatsoever in connection with the case, except for the  
26 taking of the \$25,000 as disclosed in the Firm’s employment application. Fees and costs have not  
27 been applied to the retainer, and it remains at \$25,000.

28 9. No agreement or understanding exists between the Firm and any other person or

1 entity for the sharing of compensation received or to be received for services rendered in or in  
2 connection with the case.

3 10. I declare under penalty of perjury that the foregoing is true and correct. Executed  
4 on May 23, 2024

5  
6 /s/ Bernard J. Kornberg  
7 Bernard Kornberg  
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# EXHIBIT A

	A	B	C Attorneys' Fees	D	E	F	G
	Date	Billing Professional	Narrative	Hours	Rate	Fee	Category
1	07/17/2023	BJK	Initial review of case documents in Chao v Salen and cross-complaint	1.30	\$500.00	\$650.00	Adversary
2	07/26/2023	BJK	Call with cocounsel to discuss case issues in advance of status conference	0.60	\$500.00	\$300.00	Adversary
3	07/28/2023	BJK	Attend status conference and hearing motion to dismiss	0.40	\$500.00	\$200.00	Adversary
4	07/28/2023	BJK	Communicated with Ethan Balogh regarding post-hearing strategy	0.10	\$500.00	\$50.00	Adversary
5	08/04/2023	BJK	Strategy meeting with client and main case counsel	0.50	\$500.00	\$250.00	Adversary
6	08/14/2023	BJK	Conference call with client to discuss strategy for status conference and plan confirmation issues as relates to litigation	0.50	\$500.00	\$250.00	Adversary
7	08/18/2023	BJK	Attended case management conference	0.70	\$500.00	\$350.00	Adversary
8	08/22/2023	BJK	Call with Ethan Balogh to discuss case history and facts	0.40	\$500.00	\$200.00	Adversary
9	09/15/2023	BJK	Drafted notice of appearance	0.20	\$500.00	\$100.00	Adversary
10	09/19/2023	BJK	Initial review of case file and documents provided by Ethan Balogh	2.00	\$500.00	\$1,000.00	Adversary
11	09/19/2023	BJK	Communicated with Plaintiff's counsel regarding setting conference to discuss scheduling of case	0.10	\$500.00	\$50.00	Adversary
12	09/19/2023	BJK	Communicated with client regarding setting meeting to discuss discovery	0.10	\$500.00	\$50.00	Adversary
13	09/20/2023	BJK	Call with client to discuss factual history of case	0.90	\$500.00	\$450.00	Adversary
14	09/20/2023	BJK	Memo to File re: Call with client	0.30	\$500.00	\$150.00	Adversary
15	09/22/2023	BJK	Meet and confer with Plaintiff's counsel regarding trial scheduling and case issues	0.30	\$500.00	\$150.00	Adversary
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	A	B	C Attorneys' Fees	D	E	F	G
1	Date	Billing Professional	Narrative	Hours	Rate	Fee	Category
17	09/27/2023	BJK	Communicated with client regarding timing of trial and appearance at Friday hearing	0.20	\$500.00	\$100.00	Adversary
18	09/27/2023	BJK	Drafted joint status conference statement; sent to Plaintiff's counsel with comments	0.40	\$500.00	\$200.00	Adversary
19	11/14/2023	BJK	Provided summary of bankruptcy case issues at request of client	0.50	\$500.00	\$250.00	Adversary
20	12/20/2023	BJK	Call with client to discuss drafting of discovery	0.30	\$500.00	\$150.00	Adversary
21	01/18/2024	BJK	Reviewed documents, discovery, and files in prepeartion for drafting of discovery	3.40	\$500.00	\$1,700.00	Adversary
22	01/19/2024	BJK	Began drafting of interrogatories	0.60	\$500.00	\$300.00	Adversary
23	01/22/2024	BJK	Finalized written discovery to Salem and Salem DDS	3.20	\$500.00	\$1,600.00	Adversary
24	01/23/2024	BJK	Emails and calls with client regarding discovery responses and location of Darrow Chu (.5); revised and served discovery (.3); researched deadline to renew judgment (.2)	1.00	\$500.00	\$500.00	Adversary
25	02/21/2024	BJK	Communicated with Salem's counsel regarding extension of time to respond to discovery	0.10	\$500.00	\$50.00	Adversary
26	02/28/2024	BJK	Researched documents regarding previous testimony or interviews with Darrow Chu (.4); prepared deposition subpoena for Darrow Chu (.3); communicated with client regarding service of subpoena (.1)	0.80	\$500.00	\$400.00	Adversary

	A	B	C	Attorneys' Fees	D	E	F	G
1	Date	Billing Professional	Narrative	Hours	Rate	Fee	Category	
27	03/01/2024	BJK	Call with client regarding discovery strategy (.3); prepared letter regarding Chu subpoena (.2); provided notice of deposition	0.60	\$500.00	\$300.00	Adversary	
28	03/08/2024	BJK	Communicated with process server regarding further attempts to serve Darrow Chu	0.10	\$500.00	\$50.00	Adversary	
29	03/15/2024	BJK	Communicated with process servers regarding status of Chu subpoena	0.20	\$500.00	\$100.00	Adversary	
30	03/25/2024	BJK	Communicated with client regarding status of deposition	0.10	\$500.00	\$50.00	Adversary	
31	04/02/2024	BJK	Initial review of Salem discovery responses (.8); call with Ethan Balough to discuss discovery in criminal case (.6)	1.40	\$500.00	\$700.00	Adversary	
32	04/16/2024	BJK	Communicated with counsel for Salem regarding meet and confer call in advance of case management conference	0.10	\$500.00	\$50.00	Adversary	
33	04/18/2024	BJK	Email to Darrow Chu regarding subpoena	0.20	\$500.00	\$100.00	Adversary	
34	04/18/2024	BJK	Listened to audio recordings of interview with Salem and additional review of police reports	1.80	\$500.00	\$900.00	Adversary	
35	04/19/2024	BJK	Meet and confer call with Salem's counsel	0.60	\$500.00	\$300.00	Adversary	
36	04/22/2024	BJK	Communicated with Darrow Chu regarding deposition (.2); drafted joint case management conference statement (.5); call with client regarding case strategy (.3)	1.00	\$500.00	\$500.00	Adversary	

	A	B	C Attorneys' Fees	D	E	F	G
1	<b>Date</b>	<b>Billing Professional</b>	<b>Narrative</b>	<b>Hours</b>	<b>Rate</b>	<b>Fee</b>	<b>Category</b>
37	04/25/2024	BJK	Reviewed order continuing status conference	0.20	\$500.00	\$100.00	Adversary
38				<b>25.20</b>		<b>\$12,600.00</b>	
39							
40	08/16/2023	BJK	Performed research into timeliness of proof of claim	0.40	\$500.00	\$200.00	Claim Objection
41	09/28/2023	BJK	Researched application of informal proof of claim doctrine to case (.7); Drafted objection to claim and associated documents (2.2)	2.90	\$500.00	\$1,450.00	Claim Objection
42	10/29/2023	BJK	Drafted order consolidating claim objection; sent to Salem's counsel for review with comments	0.30	\$500.00	\$150.00	Claim Objection
43	11/02/2023	BJK	Communicated with Defendants' counsel regarding form of order on objection	0.10	\$500.00	\$50.00	Claim Objection
44	11/10/2023	BJK	Reviewed modified order consolidating proceeding; sent to client with comments	0.20	\$500.00	\$100.00	Claim Objection
45				<b>3.90</b>		<b>\$1,950.00</b>	
46							
47	07/14/2023	BJK	Call and emails with Ethan Balough regarding response to motion to dismiss case	0.40	\$500.00	\$200.00	Main Case
48	07/18/2023	BJK	Reviewed and revised employment application and supporting declaration	0.70	\$500.00	\$350.00	Main Case
49	07/20/2023	BJK	Call with Balough and Anayama to discuss employment application	0.40	\$500.00	\$200.00	Main Case
50	07/21/2023	BJK	Revised proposed Chapter 11 plan to address treatment of Salem claims	0.78	\$500.00	\$390.00	Main Case

	A	B	C Attorneys' Fees	D	E	F	G
1	Date	Billing Professional	Narrative	Hours	Rate	Fee	Category
51	07/21/2023	BJK	Call with Balogh and Anyama regarding final revisions to plan and employment applications	0.40	\$500.00	\$200.00	Main Case
52	08/10/2023	BJK	Call and emails with client and co-counsel to discuss strategy regarding dismissal or conversion of case	0.60	\$500.00	\$300.00	Main Case
53	08/11/2023	BJK	Reviewed objection to plan confirmation by Salem	0.30	\$500.00	\$150.00	Main Case
54	08/11/2023	BJK	Attended hearing on employment application	0.80	\$500.00	\$400.00	Main Case
55	08/16/2023	BJK	Meeting with client and bankruptcy main case counsel to discuss response to plan objection regarding Salem litigation	0.60	\$500.00	\$300.00	Main Case
56	08/17/2023	BJK	Drafted order approving employment application	0.40	\$500.00	\$200.00	Main Case
57	10/26/2023	BJK	Communicated with bankruptcy counsel regarding confirmation hearing	0.20	\$500.00	\$100.00	Main Case
58	10/27/2023	BJK	Attended confirmation hearing to determine effect on plan	0.40	\$500.00	\$200.00	Main Case
59	04/05/2024	BJK	Reviewed amended plan; communicated with bankruptcy counsel regarding removed provisions regarding injunction	0.30	\$500.00	\$150.00	Main Case
60				<b>6.28</b>		<b>\$3,140.00</b>	
61							
62	07/18/2023	BJK	Drafted timeline and punch list of state court litigation	1.80	\$500.00	\$900.00	State Court Litigation

	A	B	C Attorneys' Fees	D	E	F	G
1	Date	Billing Professional	Narrative	Hours	Rate	Fee	Category
63	08/09/2023	BJK	Reviewed state court file to locate operative pleadings; reviewed pleadings for relevant affirmative defenses	0.60	\$500.00	\$300.00	State Court Litigation
64	04/01/2024	BJK	Reviewed docket of case to determine levies and other applications of credits on judgment (.8); drafted renewal of judgment (.4); drafted notice of appearance in state court case (.2); sent documents to client with comments regarding appearance and recordation of documents (.3)	1.70	\$500.00	\$850.00	State Court Litigation
65	04/04/2024	BJK	Researched docket of state court case to determine status of abstract of judgement (.2); communicated with title company regarding search for abstract (.1); reviewed abstract provided by title company (.1); revised application for renewal based on abstract (.2); communicated with client re: same (.1); call with client regarding case updates (.3)	1.00	\$500.00	\$500.00	State Court Litigation
66				5.10		\$2,550.00	
67							
68			<b>TOTAL</b>	<b>40.48</b>		<b>\$20,240.00</b>	